

Message Text

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PAGE 01 HELSIN 02979 010607Z

20

ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 NEA-10 SPC-03 AID-20 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

SCI-06 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07

OPIC-12 LAB-06 SIL-01 INT-08 L-03 H-03 FAA-00 CAB-09

DOT-00 DRC-01 SCEM-02 TAR-02 /186 W

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R 301445Z NOV 73

FM AMEMBASSY HELSINKI

TO SECSTATE WASHDC 6959

INFO AMEMBASSY COPENHAGEN

AMEMBASSY OSLO

AMEMBASSY LONDON

AMEMBASSY STOCKHOLM

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E.O. 11652: N/A

TAGS: ECON ETRN ENRG FI

SUBJECT: FINLAND'S ENERGY SITUATION

REF: HELSINKI 2864

1. BEGIN SUMMARY. ALTHOUGH SHORT-TERM PETROLEUM SUPPLY SITUATION IN FINLAND IS MORE FAVORABLE THAN FOR MOST COUNTRIES, THERE IS GROWING REALIZATION FINLAND MUST TAKE ENERGY SAVING STEPS. GOVERNMENT SPOKESMAN STATED THAT PROGRAM WILL BE ANNOUNCED IN EARLY DECEMBER TO REDUCE CONSUMPTION BY 10 TO 15 PERCENT. END SUMMARY.

2. ON NOVEMBER 27 MINISTER OF TRANSPORTATION AS SPOKESMAN ANNOUNCED GOVERNMENT IS PREPARING SHORT-TERM AND LONG-TERM PROGRAMS FOR CONSERVING ENERGY TO BE ANNOUNCED IN EARLY DECEMBER. MINISTER STATED HE

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PAGE 02 HELSIN 02979 010607Z

HOPES A SAVING OF 10-15 PERCENT IN OIL USE MIGHT BE

REALIZED THROUGH VOLUNTARY PROGRAM. CHANGED GOVERNMENT ATTITUDE APPEARS TO HAVE BEEN STIMULATED BY REALIZATION THAT DESPITE FAVORABLE SHORT-TERM PETROLEUM SUPPLY SITUATION, FINLAND'S LONG-RUN POSITION WILL BE NO BETTER THAN FOR OTHER COUNTRIES. GOVERNOR OF BANK OF FINLAND MAUNO KOIVISTO MADE THIS POINT IN A PRESS INTERVIEW SAME DAY. WHAT KIND OF PROGRAM WILL BE IMPLEMENTED CAN ONLY BE CONJECTURED BUT PRESS HAS MENTIONED NUMBER OF POSSIBILITIES: IN ADDITION TO LOWER AVERAGE TEMPERATURES IN GOVERNMENT, PRIVATE, AND INDUSTRIAL ESTABLISHMENTS AND THE LICENSING OF SALES OF FUEL FOR AIRCRAFT AND SHIPS, ANNOUNCED PREVIOUSLY, GOVERNMENT IS EXPECTED TO LOWER AUTOMOBILE SPEED LIMITS, RESTRICT SUNDAY DRIVING, ETC. GASOLINE AND OTHER FUEL PRICES WERE RAISED SHARPLY RECENTLY (TO \$0.25 PER LITER FOR 92 OCTANE AUTO GAS) AND THIS HOPEFULLY WILL DISCOURAGE USE OF PETROLEUM PRODUCTS. CURRENTLY REPRESENTATIVES OF COMMERCIAL ESTABLISHMENTS, LABOR, REAL ESTATE, AND POWER GENERATING FIRMS ARE JOINTLY STUDYING WAYS AND MEANS TO SAVE ENERGY. MUNICIPAL LEADERS HAVE ALSO BEEN CONTACTED FOR SAME PURPOSE.

3. FOR AVIATION AND SHIPPING, MINISTRY OF TRADE AND INDUSTRY SPOKESMAN INFORMED INDEPENDENT HELSINGIN SANOMAT THAT PREPARATIONS HAVE BEEN MADE TO RATION FUEL IF NECESSARY; IN THIS CASE AVIATION TRAFFIC WILL BE CUT BACK. MOREOVER, GOVERNMENT WILL NOT APPROVE SALE OF BUNKER FUEL TO SHIPS WHICH MAKE SPECIAL CALLS ON FINLAND FOR REFUELING. NATIONAL BOARD OF CIVIL AVIATION SPOKESMAN IS QUOTED AS INDICATING A QUOTA OF 160,000 TONS OF AVIATION FUEL HAS BEEN REQUESTED FOR 1974 TO COVER BOTH DOMESTIC AND INTERNATIONAL FLIGHTS; THIS PROVIDES FOR GROWTH OVER 1973 LEVEL. SPOKESMAN SAID ALL AIRLINES WILL BE TREATED EQUITABLY AS REQUIRED UNDER CHICAGO AGREEMENT BUT BOARD WOULD NOT TOLERATE "TEMPORARY TRANSFER OF OPERATIONS TO FINLAND." HE SAID OIL FIRMS SAW NO NEED AT MOMENT TO RATION AVIATION FUEL SINCE THERE IS INVENTORY TO COVER NEEDS FOR NEXT SEVERAL MONTHS.

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PAGE 03 HELSIN 02979 010607Z

4. THERE IS RENEWED INTEREST IN USING PEAT AS FUEL AND IT IS CLAIMED THAT BY END OF DECADE AN ANNUAL CONSUMPTION OF 10 MILLION CUBIC METERS-- EQUAL TO ONE MILLION TONS OF OIL--IS POSSIBLE. COST OF ENERGY FROM PEAT IS EXPECTED TO BECOME ECONOMIC WITH RISING COSTS OF OTHER FORMS OF ENERGY. PLANS FOR CONSTRUCTION OF ADDITIONAL NUCLEAR PLANTS TO GENERATE ELECTRICITY ARE

ALSO LIKELY TO BE ACCELERATED; AT SAME TIME, PLANS OF STATE REFINING PLANT (NESTE OY) TO EXPAND CAPACITY BY 7.0 MILLION TONS OF CRUDE OIL THROUGH-PUT IS COMING UNDER CRITICISM IN VIEW OF UNCERTAINTY OF CRUDE OIL SUPPLIES AND HIGH COST OF PLANT.

5. FINLAND APPEARS TO BE GEARING UP TO TAKE FUEL-SAVING MEASURES NOT ONLY AS PRECAUTIONARY STEP DUE TO WORLD SUPPLY SITUATION BUT ALSO TO MINIMIZE THE SHARP RISE IN IMPORT EXPENDITURES--ESTIMATED AT FMK 400-500 MILLION ANNUALLY FROM PRICE INCREASE ALONE. TRADE DEFICIT EXCEEDING FMK 1.8 BILLION WAS REGISTERED DURING JANUARY-OCTOBER AND IMPORT SAVING MEASURES HAVE BECOME INCREASINGLY NECESSARY.
KREHBIEL

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